

**TOTAL REVENUE**

The COVID pandemic hit during the budget preparation period for the FY2021 budget and caused the Town to reconsider its original revenue assumptions and to assume a fifteen percent (15%) cut in aid from the Governor's January 2020 budget. During the current year, the Town has seen many of those decreased assumptions manifest themselves in its revenue collections. The FY2022 revenue assumptions reflect a rebound in some revenue sources, but ongoing revenue shortfalls in others.

Total revenue for FY2022 is projected to be \$187,375,884, an increase of \$9,331,937 or 5.24%. Of this increase, \$176,512,709 is from revenue dedicated to support the General Fund and \$10,300,555 is from debt exclusion overrides to support borrowing for capital projects, including Arlington High School, elementary schools, and the Minuteman Regional Vocational Technical High School. The General Fund increase is \$6,689,880 or 3.94%

The property tax levy is projected to increase, without debt exclusion revenue or MWRA debt, by \$4,309,415 or 3.14%. This includes the normal 2.5% increase plus \$650,000 in new growth. Total tax revenues, including the debt exclusions and the MWRA exclusion, increase by \$4,543,125 or 3.29%

Local receipts are projected to increase by \$967,049 or 12.2% as they rebound in part from the COVID pandemic shortfalls.

State Aid estimates are made up of Cherry Sheet Aid, the annually recurring aid for education, general government, and other categories (see State Aid description on page 41). In past years the Town also received School Construction Aid, State reimbursements to the Town for borrowing costs the Town incurred for state eligible school building projects, but the last payment occurred in FY2021. Total state aid is projected to decrease \$111,987, or 0.47% and is based on the Governor's January 2021 budget. Arlington will receive a \$175,080 (1.2%) increase in Chapter 70 Aid and a \$232,488 (2.81%) increase in General Government Aid and a loss of \$476,523 in School Construction Aid.

A total of \$5,659,184 in Free Cash is proposed to be used, which is an decrease of \$242,204 from FY2021 and, consistent with Town financial policies, an amount equal to 50% of the Free Cash balance certified by the Department of Revenue for the close of the previous fiscal, June 30, 2020.

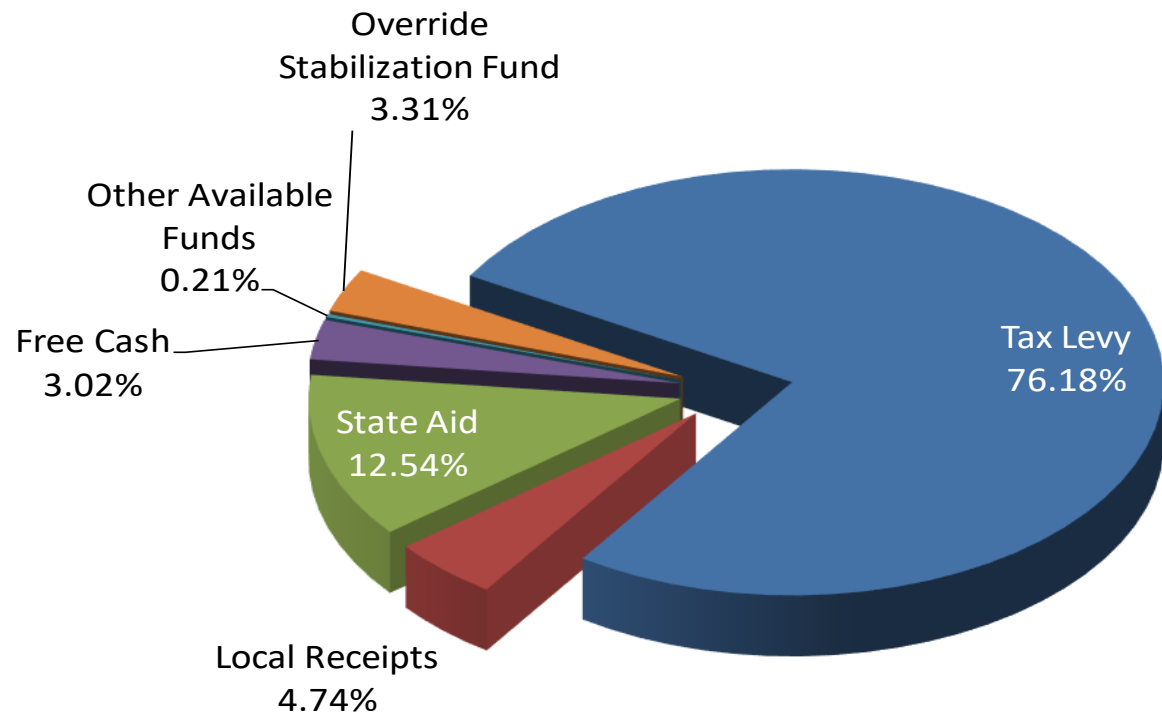
Other Available Funds include \$400,000 in surplus tax abatement overlay funds, the same amount as the Assessors released in FY21.

It will be necessary to use \$6,200,151 from the Override Stabilization Fund this year.

REVENUE SOURCE	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Budget	Budget Change
Tax Levy	124,010,977	133,350,155	138,199,500	142,742,625	4,543,125
Local Receipts	12,261,981	11,231,688	7,906,301	8,873,350	967,049
State Aid	20,516,318	22,957,710	23,612,561	23,500,574	(111,987)
Free Cash	4,593,375	5,559,782	5,901,388	5,659,184	(242,204)
Other Available Funds	200,000	200,000	400,000	400,000	-
Override Stabilization Fund	2,786,331	0	2,024,197	6,200,151	4,175,954
<b>Total</b>	<b>164,368,982</b>	<b>173,299,335</b>	<b>178,043,947</b>	<b>187,375,884</b>	<b>9,331,937</b>



**Revenues \$187,375,884**



# Fiscal Year 2022 Budget



# Overall Revenue Summary

## Total General Fund Revenues

	<u>FY13</u> <u>Actual</u>	<u>FY14</u> <u>Actual</u>	<u>FY15</u> <u>Actual</u>	<u>FY16</u> <u>Actual</u>	<u>FY17</u> <u>Actual</u>	<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Budget</u>
Tax Levy*	92,416,269	96,144,398	99,691,909	103,384,789	106,846,726	111,126,263	112,983,032	122,322,210	126,286,928	130,596,343
Local Receipts	9,886,882	10,296,545	10,115,304	11,071,191	10,689,873	12,004,047	12,004,047	11,231,688	7,906,301	8,873,350
State Aid**	15,040,051	17,093,258	17,462,884	18,230,105	18,918,527	19,375,164	20,039,795	22,481,187	23,136,038	23,500,574
Free Cash	1,570,000	3,411,528	3,042,925	3,435,846	4,537,299	4,850,566	4,593,375	5,559,782	5,901,388	5,659,184
Other Available Funds	200,000	200,000	350,000	350,000	200,000	500,000	200,000	200,000	400,000	400,000
Override Stabilization Fund	0	0	0	0	0	0	2,786,331	0	2,024,197	6,200,151
<b>Total</b>	<b>119,113,202</b>	<b>127,145,729</b>	<b>130,663,022</b>	<b>136,471,931</b>	<b>141,192,425</b>	<b>147,856,040</b>	<b>152,606,580</b>	<b>161,794,867</b>	<b>165,654,852</b>	<b>175,229,602</b>

\*Excludes MWRA Debt Shift

\*\*Excludes MSBA Reimbursements

## Annual Revenue Increases

	<u>FY13</u> <u>Actual</u>	<u>FY14</u> <u>Actual</u>	<u>FY15</u> <u>Actual</u>	<u>FY16</u> <u>Actual</u>	<u>FY17</u> <u>Actual</u>	<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Budget</u>
Tax Levy	3,006,887	3,728,129	3,547,511	3,692,880	3,461,937	4,279,537	1,856,769	9,339,178	3,964,718	4,309,415
Local Receipts	(404,581)	409,663	(181,241)	955,887	(381,318)	1,314,174	0	(772,359)	(3,325,387)	967,049
State Aid	1,619,308	2,053,207	369,626	767,221	688,422	456,637	664,631	2,441,392	654,851	364,536
Free Cash	1,088,544	1,841,528	(368,604)	392,922	1,101,453	313,267	(257,191)	966,407	341,606	(242,204)
Other Available Funds	0	0	150,000	0	(150,000)	300,000	(300,000)	0	200,000	0
Override Stabilization Fund							2,786,331	(2,786,331)	2,024,197	4,175,954
<b>Total</b>	<b>5,310,158</b>	<b>8,032,527</b>	<b>3,517,293</b>	<b>5,808,909</b>	<b>4,720,494</b>	<b>6,663,615</b>	<b>4,750,540</b>	<b>9,188,287</b>	<b>3,859,985</b>	<b>9,574,750</b>
<b>Percent Increase</b>	<b>4.7%</b>	<b>6.7%</b>	<b>2.8%</b>	<b>4.4%</b>	<b>3.5%</b>	<b>4.7%</b>	<b>3.2%</b>	<b>6.0%</b>	<b>2.4%</b>	<b>5.8%</b>

## Percent of Total Revenue

	<u>FY13</u> <u>Actual</u>	<u>FY14</u> <u>Actual</u>	<u>FY15</u> <u>Actual</u>	<u>FY16</u> <u>Actual</u>	<u>FY17</u> <u>Actual</u>	<u>FY18</u> <u>Actual</u>	<u>FY19</u> <u>Actual</u>	<u>FY20</u> <u>Actual</u>	<u>FY21</u> <u>Budget</u>	<u>FY22</u> <u>Budget</u>
Tax Levy	77.6%	75.6%	76.3%	75.8%	75.7%	75.2%	74.0%	75.6%	76.2%	74.5%
Local Receipts	8.3%	8.1%	7.7%	8.1%	7.6%	8.1%	7.9%	6.9%	4.8%	5.1%
State Aid	12.6%	13.4%	13.4%	13.4%	13.4%	13.1%	13.1%	13.9%	14.0%	13.4%
Free Cash	1.3%	2.7%	2.3%	2.5%	3.2%	3.3%	3.0%	3.4%	3.6%	3.2%
Other Available Funds	0.2%	0.2%	0.3%	0.3%	0.1%	0.3%	0.1%	0.1%	0.2%	0.2%
Override Stabilization Fund	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	0.0%	1.2%	3.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

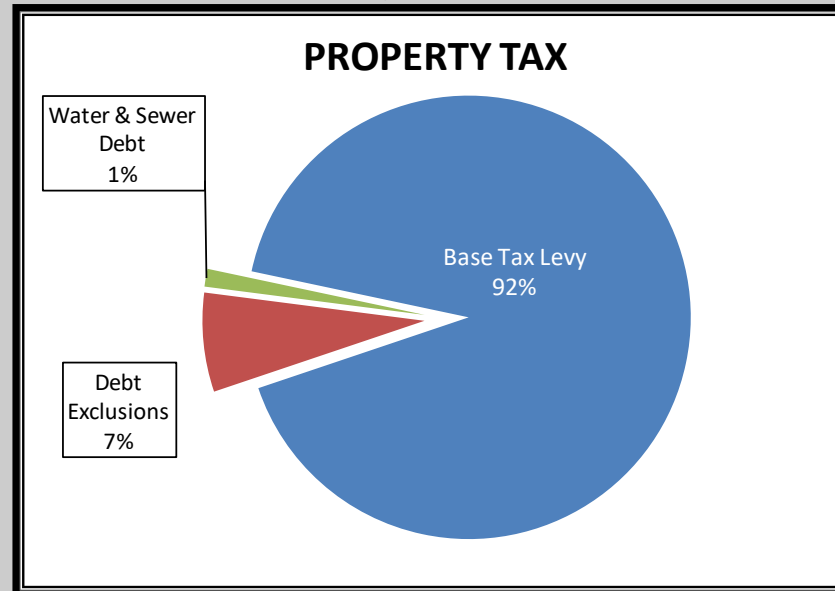
**PROPERTY TAX LEVY**

Property tax is the primary source of revenue for virtually every Massachusetts municipality. In Arlington, property taxes represent approximately 76% of annual operating revenues. Property taxes are levied on real property (land and buildings) and personal property (equipment) used by Arlington's non-manufacturing businesses. State law mandates that communities update their property values every five years and obtain State certification that such values represent full and fair cash value. A revaluation was conducted in FY2019. Under the Provisions of Proposition 2½, property taxes, in the aggregate, may not exceed 2½% of their "full and fair cash value". This limit is known as the "levy ceiling". Annual levy increases may not exceed 2½% of the previous year's levy plus the taxes from any new or renovated property added to the tax rolls (known as new growth). Any Proposition 2½ override or debt exclusion amounts approved by voters are added to the levy limit, while all related school construction reimbursements from the State are subtracted.

Property values and new growth for FY2022 are preliminary estimates used to project the levy limit. The FY2021 levy limit was \$126,776,920. The 2½% increase allowed for FY2022 is \$3,169,423. New growth from construction not previously on the tax rolls is expected to add \$650,000 to the levy. An additional \$10,300,555 is added to the tax levy to cover the cost of debt service for projects approved by the voters as Proposition 2½ debt exclusion overrides. This budget is the second major tranche of debt repayment for the new Arlington High School. Beginning in FY2012, debt service for the Symmes Urban Renewal project was added to the tax levy. FY2022 will mark the eighth year that tax revenues from the Symmes project will completely offset the cost of debt service. As a result Symmes debt will no longer be added to the tax levy.

The Town has accepted the provisions of M.G.L. 59 § 21C, whereby water and sewer debt costs, including MWRA debt assessments, are transferred to the real estate taxes. The Select Board voted to eliminate the MWRA debt shift over the next three years. The FY2022 tax levy is projected to total \$142,742,625 representing an increase of \$4,502,850 (3.3%) over the FY2021 budgeted levy.

<b>PROPERTY TAX LEVY</b>	<b>FY 2019 Budget</b>	<b>FY 2020 Budget</b>	<b>FY 2021 Budget</b>	<b>FY 2022 Budget</b>	<b>Budget Change</b>
<b>Base Tax Levy</b>	113,365,141	117,355,373	126,776,920	130,596,343	3,819,423
<b>General Override</b>	-	5,500,000			-
<b>Debt Exclusion Overrides</b>					
Arlington High School		48,794	2,853,981	5,237,412	2,383,431
Dallin School	250,818	233,284	224,659	200,329	(24,330)
Gibbs School	2,144,312	2,081,975	2,023,225	1,959,600	(63,625)
Hardy School	90,985	88,435	73,080	-	(73,080)
Minuteman High School	808,578	1,112,690	1,279,014	1,610,964	331,950
Peirce School	46,072	(3,664)	(8,608)	-	8,608
Stratton School	562,475	550,875	534,375	522,975	(11,400)
Thompson School	842,958	815,450	791,675	769,275	(22,400)
<b>Sub-total Debt Exclusions</b>	<b>4,746,198</b>	<b>4,927,839</b>	<b>7,771,401</b>	<b>10,300,555</b>	2,529,154
<b>Water and Sewer Debt</b>	5,593,112	5,593,112	3,691,454	1,845,727	(1,845,727)
<b>Total</b>	<b>123,704,451</b>	<b>133,376,324</b>	<b>138,239,775</b>	<b>142,742,625</b>	<b>4,502,850</b>

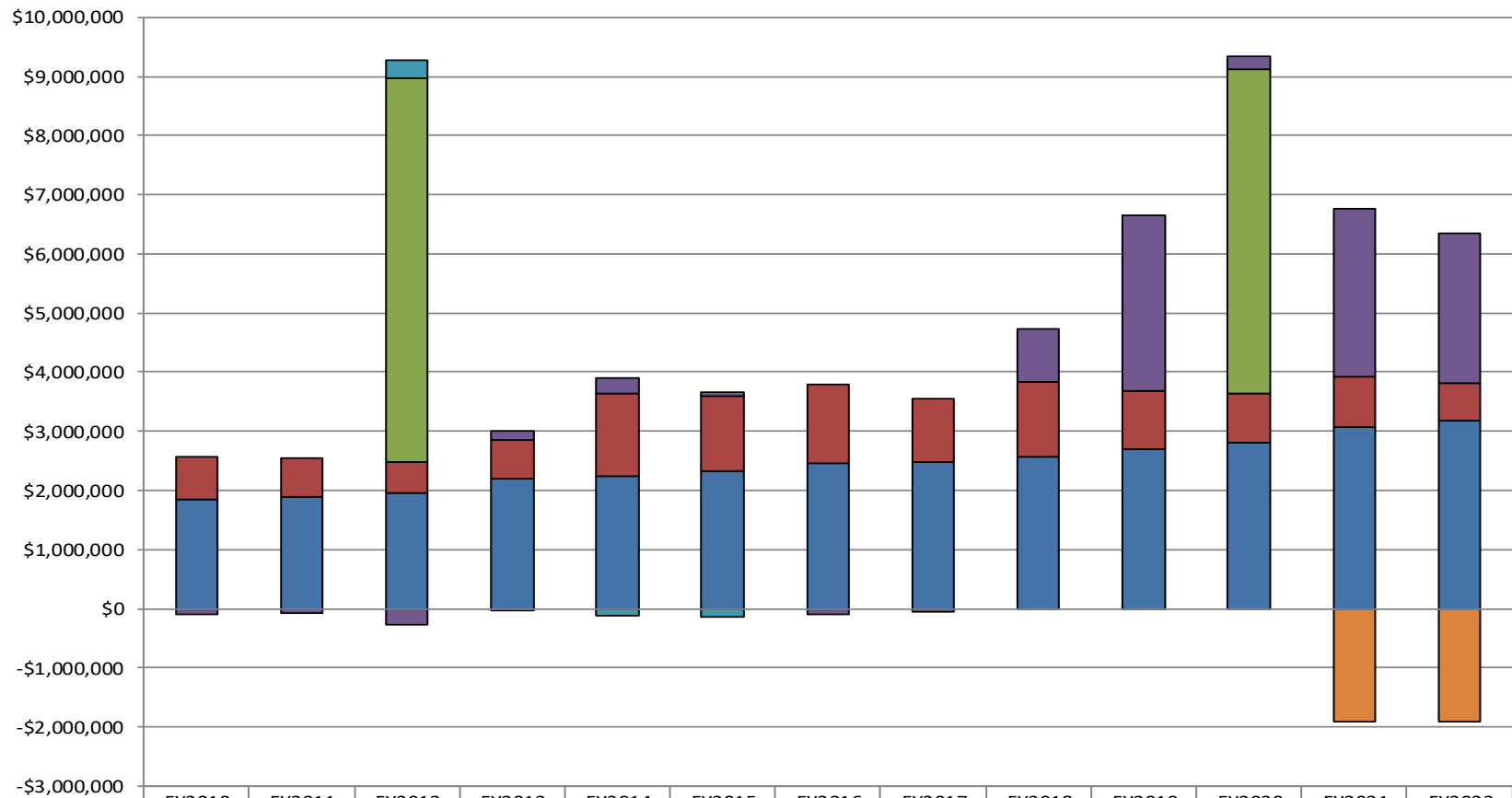


Fiscal Year	Real Estate & Personal Property Commitments	Abatements Granted	Tax deferral Abatements (Ch 41A)	Net Tax Levy	Net Collections	% of Collections	Amount transferred into tax title	Tax Title Balance as of June 30th	Tax Possession Balance as of June 30th	Tax Deferral Balance as of June 30th
2020	133,305,155.00	431,175.26	135,687.70	132,738,292.04	133,003,248.00	100.20%	0.00	532,795.00	396,754.00	420,768.85
2019	125,795,227.91	561,391.19	78,626.32	125,155,210.40	123,961,447.41	99.05%	0.00	584,098.85	396,754.00	282,012.84
2018	117,255,201.00	316,252.00	56,925.09	116,098,972.00	117,222,582.00	100.97%	311,784.29	764,812.00	396,784.00	355,494.92
2017	114,042,281.23	316,252.00	69,741.70	113,656,287.53	113,137,357.89	99.54%	0.00	545,964.37	396,784.20	288,509.98
2016	110,511,438.41	344,808.64	50,555.38	110,116,074.39	109,675,315.38	99.60%	432,204.96	1,016,093.83	396,784.20	251,686.77
2015	105,512,757.86	343,828.94	50,661.96	105,118,266.96	104,637,861.18	99.54%	478,131.08	990,780.09	396,784.20	350,426.94
2014	101,955,275.34	323,139.16	57,609.97	101,574,526.21	101,147,224.95	99.58%	420,461.22	1,046,173.13	396,784.20	350,014.89
2013	98,200,712.05	391,307.70	55,314.74	97,754,089.61	97,319,166.14	99.56%	435,398.24	946,663.94	396,784.20	293,094.22
2012	95,185,766.56	427,191.48	47,748.92	94,710,826.16	94,287,096.98	99.56%	423,729.18	858,108.74	396,784.20	307,667.70
2011	86,093,152.50	465,825.69	51,677.04	85,575,649.77	84,199,193.25	99.56%	375,360.09	650,009.11	396,784.20	303,386.69
2010	83,612,918.72	483,555.47	61,658.71	83,067,704.54	82,652,328.29	99.50%	415,059.45	781,121.00	396,784.20	363,475.82

It is Town policy to close out all real estate and personal property commitments in the same fiscal year, except in 2017 and 2019, when such close outs were delayed one year because of the Town's conversion to new tax collection software.



COMPONENTS OF TAX LEVY INCREASE



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
MWRA Debt	-	-	-	-	-	-	-	-	-	-	-	-1,901,658	-1,901,658
Symmes Debt Exclusion	-	-	307,130	(28,590)	(128,721)	(150,000)	-	-	-	-	-	-	-
Debt Exclusions	(93,659)	(79,675)	(263,714)	157,960	255,465	62,328	(92,013)	(61,801)	895,287	2,972,113	211,842	2,843,562	2,529,154
General Override	-	-	6,490,000	-	-	-	-	-	-	-	5,500,000	-	-
New Growth	726,955	656,751	522,167	657,203	1,393,953	1,255,293	1,337,666	1,070,144	1,263,812	981,206	816,617	850,163	650,000
2.5% Increase	1,843,862	1,897,682	1,963,980	2,198,195	2,240,858	2,337,986	2,455,742	2,477,526	2,573,287	2,706,470	2,815,970	3,071,384	3,169,423

**LOCAL RECEIPTS SUMMARY**

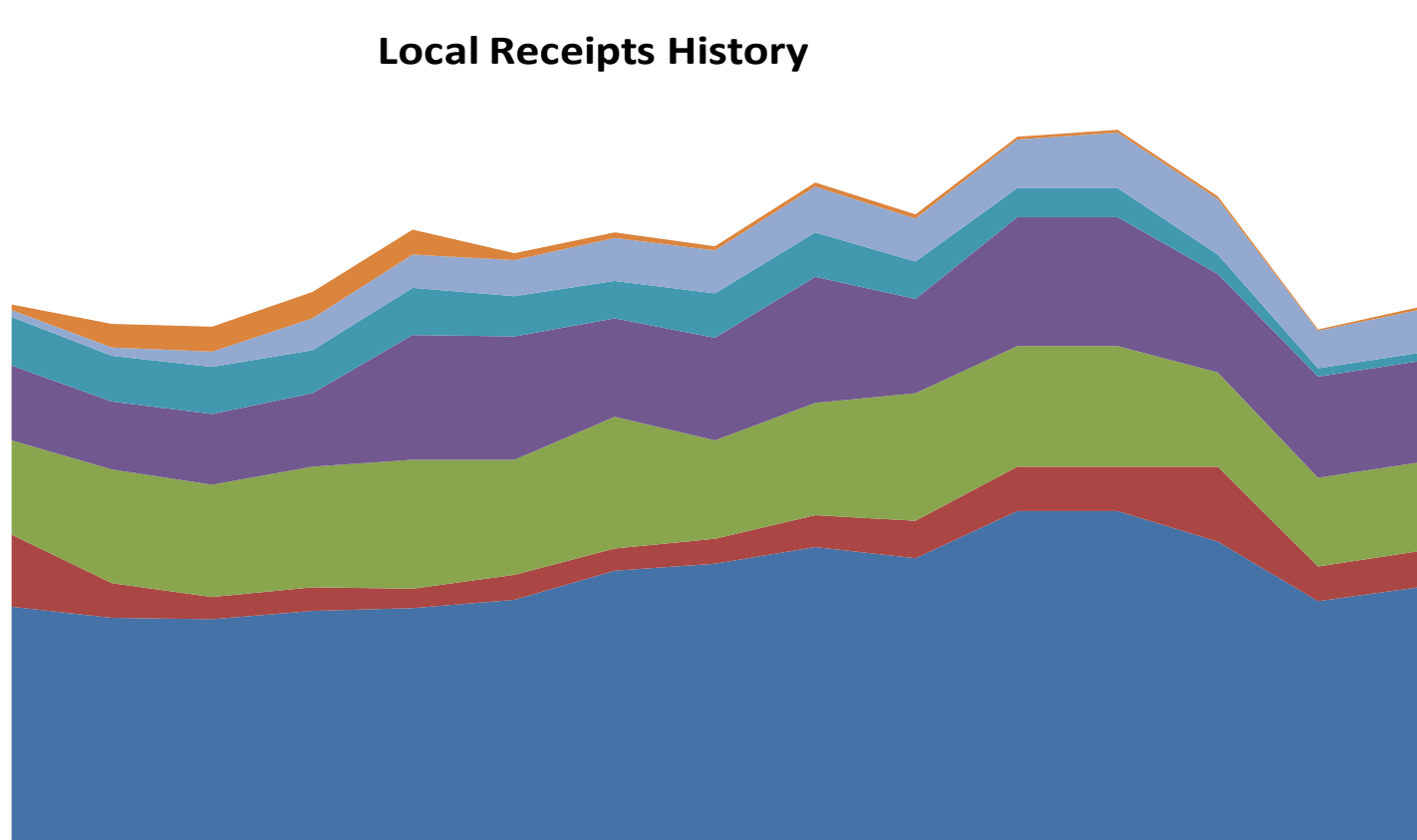
Local receipts for FY2022 are adjusted to project modest increases after being dropped significantly in FY2021 to reflect the effects of the COVID-19 pandemic. Motor Vehicle Excise tax revenue will increase by \$253,050. Hotel/Motel and Meals Taxes are expected to rebound by \$100,000. Rental Income declined in FY2021, because the Town no longer rents its Ryder St. property and instead use is as space for the Department of Public Works to use as temporary transition space during renovation of the Public Works yard.

<b>LOCAL RECEIPTS SUMMARY</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Motor Vehicle Excise	5,551,687	5,049,196	4,040,800	4,293,850	253,050
Interest Income	757,355	1,253,291	596,000	596,000	-
Departmental Fees	2,031,168	1,593,410	1,479,000	1,479,000	-
Licenses and Permits	2,164,229	1,645,158	1,705,000	1,705,000	-
Rentals	476,310	337,319	142,000	142,000	-
Meals and Hotel Taxes	947,184	910,203	625,000	725,000	100,000
Other	46,933	48,242	33,000	33,000	-
<b>Total</b>	<b>11,858,358</b>	<b>10,836,819</b>	<b>8,620,800</b>	<b>8,973,850</b>	<b>353,050</b>



Local Receipts History

\$14,000,000  
\$12,000,000  
\$10,000,000  
\$8,000,000  
\$6,000,000  
\$4,000,000  
\$2,000,000  
\$0



	Actual FY08	Actual FY09	Actual FY10	Actual FY11	Actual FY12	Actual FY13	Actual FY14	Actual FY 15	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Budget FY21	Budget FY22
Other	80,565	402,434	418,122	441,326	419,593	112,481	96,770	56,340	51,145	76,915	54,665	46,933	48,242	33,000	33,000
Meals and Hotel Taxes	123,522	136,490	246,210	532,896	569,131	610,223	714,039	732,609	772,433	719,112	822,944	947,184	910,203	625,000	725,000
Rentals	818,608	783,600	791,045	733,270	783,145	665,264	638,805	744,597	749,188	627,569	476,310	476,310	337,319	142,000	142,000
Licenses and Permits	1,247,073	1,134,294	1,202,871	1,219,481	2,085,368	2,064,257	1,640,443	1,719,403	2,124,973	1,597,015	2,164,229	2,164,229	1,645,158	1,705,000	1,705,000
Fees/Departmental	1,586,298	1,900,729	1,867,994	2,018,958	2,177,505	1,932,652	2,213,701	1,664,004	1,889,552	2,131,664	2,031,168	2,031,168	1,593,410	1,479,000	1,479,000
Interest Income	1,216,410	582,123	369,782	394,264	319,642	435,812	381,062	420,678	531,019	624,788	757,355	757,355	1,253,291	596,000	596,000
Motor Vehicle Excise	3,951,802	3,775,638	3,757,149	3,898,459	3,937,079	4,066,200	4,560,609	4,668,135	4,952,880	4,775,678	5,551,687	5,551,687	5,049,196	4,040,800	4,293,850



**MOTOR VEHICLE EXCISE**

Motor vehicle excise tax receipts are projected to rise by \$253,050 after dropping in FY2021. Although long-term trends show previous annual increases, the COVID-19 pandemic changed that, as fewer people bought or leased new cars. Excise tax commitments have been increasing year since 2012, exceeding the low in 2009. The excise rate is \$25 per thousand and is assessed on 90% of the vehicle's value in the first year, 60% in the second year, 40% in the third year, 25% in the fourth year, and 10% thereafter. The actual billings are prepared by the Registry of Motor Vehicles and then turned over to the Town for printing, distribution, and collection. There are approximately 38,000 registered vehicles in Arlington. In the chart below, Levy Year 20 is as of June 30, 2020.

**Motor Vehicle Excise Collection By Fiscal Year**

<u>Levy Year</u>	<u>Commitments</u>	<u>Collections</u>	<u>Refunds</u>	<u>Net Collections</u>	<u>Abatements</u>	<u>Balance (Uncoll.)</u>	<u>Collection %</u>
<b>2020</b>	\$ 5,251,165.00	\$ 5,264,953.75	\$ 100,625.31	\$ 5,164,328.44	\$ 158,614.32	\$ (71,777.76)	101.37%
<b>2019</b>	\$ 5,468,145.35	\$ 5,333,179.75	\$ 88,693.84	\$ 5,244,485.91	\$ 159,831.70	\$ 63,827.74	98.83%
<b>2018</b>	\$ 5,843,844.70	\$ 5,655,881.52	\$ 103,697.40	\$ 5,552,184.12	\$ 188,660.91	\$ 102,999.67	98.24%
<b>2017</b>	\$ 4,838,049.36	\$ 4,865,068.94	\$ 90,286.47	\$ 4,774,782.47	\$ 158,912.85	\$ (95,645.96)	101.98%
<b>2016</b>	\$ 5,165,749.14	\$ 5,038,846.19	\$ 85,965.27	\$ 4,952,880.92	\$ 169,326.92	\$ 43,541.30	99.16%
<b>2015</b>	\$ 4,867,711.40	\$ 4,768,890.38	\$ 100,755.76	\$ 4,668,134.62	\$ 521,918.86	\$ (322,342.08)	106.62%
<b>2014</b>	\$ 4,213,165.12	\$ 4,636,918.89	\$ 76,292.47	\$ 4,560,626.42	\$ 134,742.51	\$ (482,203.81)	111.45%
<b>2013</b>	\$ 4,342,665.00	\$ 4,145,705.00	\$ 80,917.00	\$ 4,064,788.00	\$ 129,537.00	\$ 148,340.00	96.58%
<b>2012</b>	\$ 4,077,138.00	\$ 4,021,599.00	\$ 54,950.00	\$ 3,966,649.00	\$ 71,047.00	\$ 39,442.00	99.03%
<b>2011</b>	\$ 3,617,140.00	\$ 3,438,728.00	\$ 35,428.00	\$ 3,403,300.00	\$ 89,485.00	\$ 124,355.00	96.56%

<b>MOTOR VEHICLE EXCISE</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Motor Vehicle Excise	5,332,866	5,049,196	4,040,800	4,293,850	253,050

**DEPARTMENTAL FEES**

Departmental fees are projected to remain unchanged in FY2022.

The establishment of a Parking Benefits District at Town Meeting for Arlington Center means that parking meter revenue, which had been reported under Departmental Fees, has been moved to the Parking Fund and the estimate for parking violations.

In 2019, the Library Trustees implemented a new no late fines policy.

<b>DEPARTMENTAL FEES</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Schools (Medicare Reimbursement)	321,779	246,721	100,000	100,000	-
Cemetery Revenue	258,375	261,025	265,000	265,000	-
Library Fees and (Fines, discontinued in 2019)	37,384	10,176	-	-	-
Town Clerk Fees	64,858	60,621	40,000	40,000	-
Parking Violations	304,528	189,500	350,000	350,000	-
Fire Alarm Renewal Fee	11,000	8,500	5,000	5,000	-
Ambulance Fees	538,195	504,626	424,000	424,000	-
Other Departmental Revenue	203,260	230,512	225,000	225,000	-
Other Department Fees	136,308	81,730	70,000	70,000	-
<b>Total</b>	<b>1,875,687</b>	<b>1,593,410</b>	<b>1,479,000</b>	<b>1,479,000</b>	<b>-</b>

**INTEREST INCOME & PENALTIES**

Interest Income is projected to remain unchanged. It is made up of two components: investment income and interest and penalties associated with delinquent tax payments.

Investment income can vary widely depending upon market interest rates, available cash balances, cash flows, and investment practices. Investment income dropped from a high of more than \$1.4 million in FY2007 to \$55,430 in FY2011. This is due to dramatic fluctuations in interest rates. As interest rates continue to change, the Town will monitor interest income. In recent years, notwithstanding low interest rates, the Treasurer/Collector has maximized interest income through careful investments.

<b>INTEREST INCOME</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Investment Income	821,139	898,291	241,000	241,000	-
Penalties & Interest	409,449	355,000	355,000	355,000	-
<b>Total</b>	<b>1,230,588</b>	<b>1,253,291</b>	<b>596,000</b>	<b>596,000</b>	<b>-</b>

**LICENSES AND PERMITS**

Licenses and permits revenues for FY2022 are projected to remain stable. Building Permits generally generate the most permit revenue, but are also the most volatile, subject to fluctuation as the economy strengthens or weakens or as interest rates increase or decline. The FY2022 projection is consistent with long-term collections, excluding large, one-time permits.

Besides building permits, some of the other major categories of Licenses and Permits include parking permits and liquor licenses issued by the Select Board, and fire permit fees, which include fire alarm connection fees. All of these are expected to remain flat.

<b>LICENSES AND PERMITS</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Parking Permits	189,672	112,448	115,000	115,000	-
Liquor Licenses	86,005	74,900	80,000	80,000	-
Food Licenses	9,030	6,500	7,000	7,000	-
Food Permits	14,000	14,000	16,000	16,000	-
Tobacco Permits	8,875	8,500	11,000	11,000	-
Building Inspections	1,582,137	1,388,056	1,420,000	1,420,000	-
Fire Prevention Permits	47,955	38,113	50,000	50,000	-
Marriage Licenses	5,460	2,642	6,000	6,000	-
<b>Total</b>	<b>1,943,134</b>	<b>1,645,158</b>	<b>1,705,000</b>	<b>1,705,000</b>	<b>0</b>

**RENTAL INCOME**

The Town derives income from the renting of several Town-owned properties including the Parmenter School, the Mt. Gilboa house, and the former Dallin Library. The Town no longer rents out the former Park and Recreation Department buildings at Ryder Street.

Overall, revenue is projected to remain unchanged.

New leases, which went into effect in FY2015, include a capital contribution which will offset future capital improvements to the buildings. Projected revenue from other properties remains unchanged.

The Parmenter School building has one tenant, the Arlington Children's Center. The front section of the building was renovated to house the Menotomy Pre-School, which moved from the Arlington High School building, while the latter is under construction.

The Ryder Street property will be used by the Department of Public Works to house some of its vehicles and programs during the next two years while the DPW Grove St. buildings are under construction.

The Dallin Library is currently leased to the Arlington Community Media, Inc. (ACMi).

<b>RENTAL INCOME</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Ryder St.	194,662	170,570	-	-	-
Parmenter	251,824	87,633	73,000	73,000	-
Mt. Gilboa	14,000	34,000	24,000	24,000	-
Dallin Library	43,958	45,116	45,000	45,000	-
<b>Total</b>	<b>504,444</b>	<b>337,319</b>	<b>142,000</b>	<b>142,000</b>	<b>-</b>

**OTHER LOCAL RECEIPTS**

Other local receipts are projected to stay level in FY2022.

<b>OTHER LOCAL RECEIPTS</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Court Fines	16,933	16,879	15,000	15,000	-
Special Assessments	4,639	5,977	-	-	-
Payments In Lieu of Taxes	25,361	25,386	18,000	18,000	-
<b>Total</b>	<b>46,933</b>	<b>48,242</b>	<b>33,000</b>	<b>33,000</b>	<b>0</b>

**Hotel and Meals Taxes**

In 2009, the Legislature gave the authority to Town Meeting to adopt optional increases to the meals and hotel taxes. At that time, only the State collected revenue from the meals tax of 5%. Cities and towns were allowed to add an additional 0.75%. The Town also collected a room occupancy tax on hotels of 4% at that time (there is only one hotel in Arlington). The State allowed cities and towns to increase the room occupancy tax by 1% to a total of 5%.

Estimates for these taxes will rise slightly in FY2022, after dropping significantly in FY2021 due to the COVID-19 pandemic.

<b>HOTEL AND MEALS TAXES</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Meals Tax	467,654	457,149	300,000	350,000	50,000
Hotel Tax	479,530	453,054	325,000	375,000	50,000
<b>Total</b>	<b>947,184</b>	<b>910,203</b>	<b>625,000</b>	<b>725,000</b>	<b>100,000</b>

**STATE AID SUMMARY**

In January, the Governor released his budget, which included a statewide \$197.7 million increase in Chapter 70 School Aid and a \$39.5 million increase in General Government Aid. As a result Arlington was to benefit from a \$159,909 increase in Chapter 70 School Aid and a \$281,962 increase in Unrestricted General Government Aid (UGGA).

Total General Government Aid — Unrestricted General Government Aid and Veterans' Benefits reimbursements — will increase \$232,488 or 2.8%.

School Aid — Chapter 70 School Aid plus Charter School tuition reimbursement and exclusive of school construction aid — is projected to increase \$159,909 or 1.1%. The Governor has said he is fully funding Chapter 70 aid, however, the funding is based on enrollment figures from October 2020 that show a drop of approximately 31,000 students statewide and nearly 450 from the Town's prior year projection for FY2022.

Overall FY2022 State Aid, as used to balance the Town Meeting budget, will decrease \$111,987 to a total of \$23,500,574. This drop is accounted for largely by the end of Massachusetts School Building Authority (MSBA) reimbursements for previously issued town debt. In FY2021 the Town received the last such payment of \$476,523 for old debt service on the Peirce School construction project.

Since 1989 and the cuts to local aid across the state, Arlington has seen its share of total state aid cut by approximately 35%, from .59% to .38% (see chart on p. 41). Other, poorer communities have seen greater increases in state aid, because state aid formulas allocate more aid to low income and low wealth communities.

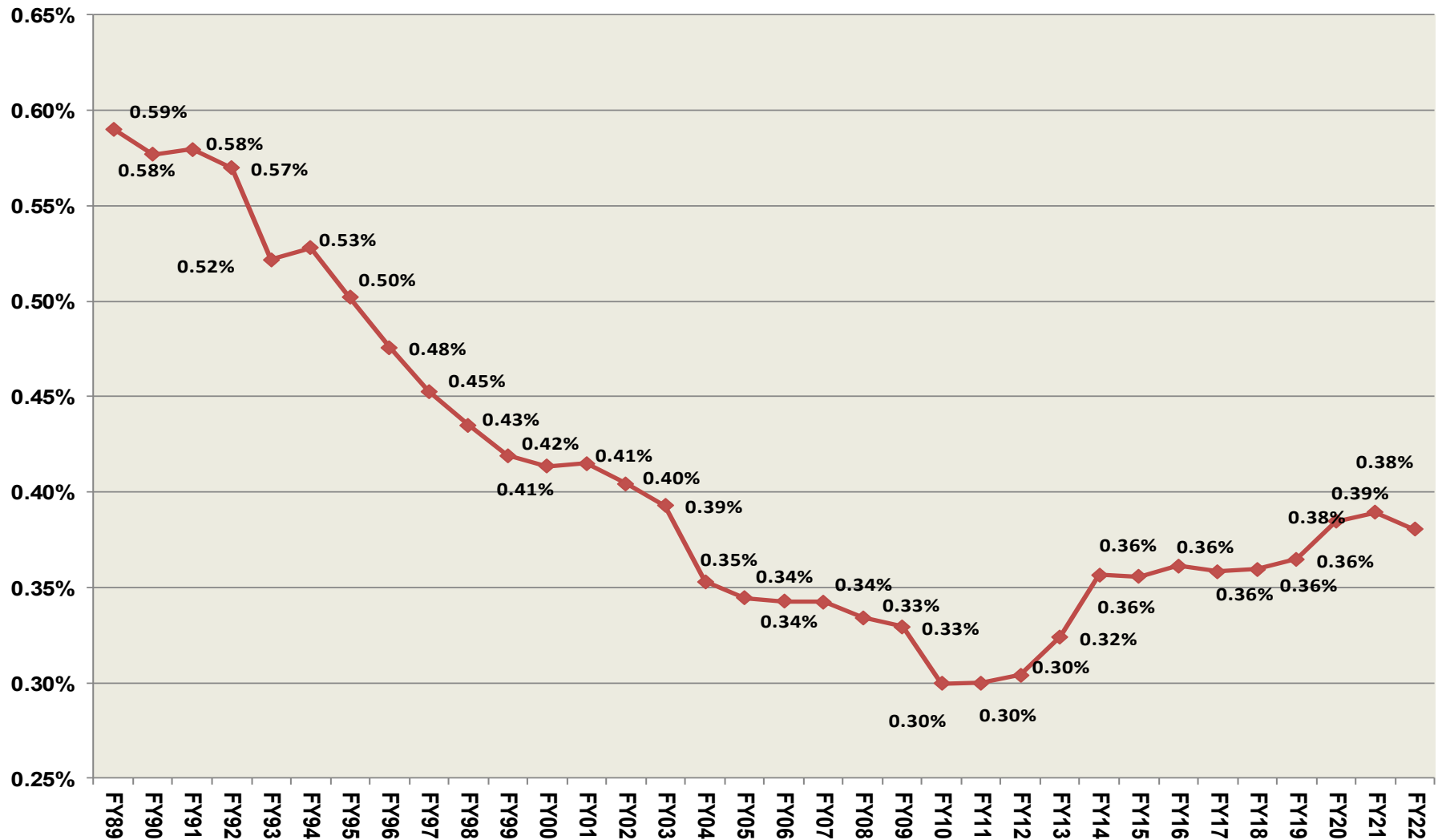
However, in the past decade, and in particular in the past two years because of large increases in Chapter 70 Education aid, Arlington has seen its share of state aid increase and prior to the Coronavirus pandemic was on tract to achieve near parity with statewide increases in state aid. However, again in FY2022 Arlington's increase is smaller than the overall increase in State Aid and the gap has widened. (See the cumulative year-to-year increases and decreases since FY2002 in the chart on p. 42).

<b>STATE AID SUMMARY</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Gen Government Aid	8,039,054	8,262,731	8,269,485	8,501,973	232,488
School Aid	11,712,431	14,033,632	14,652,644	14,812,553	159,909
School Construction	476,523	476,523	476,523	0	(476,523)
Tax Exemptions	150,747	125,356	142,386	114,525	(27,861)
Cherry Sheet Offsets	57,029	59,468	71,523	71,523	0
<b>Total</b>	<b>20,435,784</b>	<b>22,957,710</b>	<b>23,612,561</b>	<b>23,500,574</b>	<b>(111,987)</b>





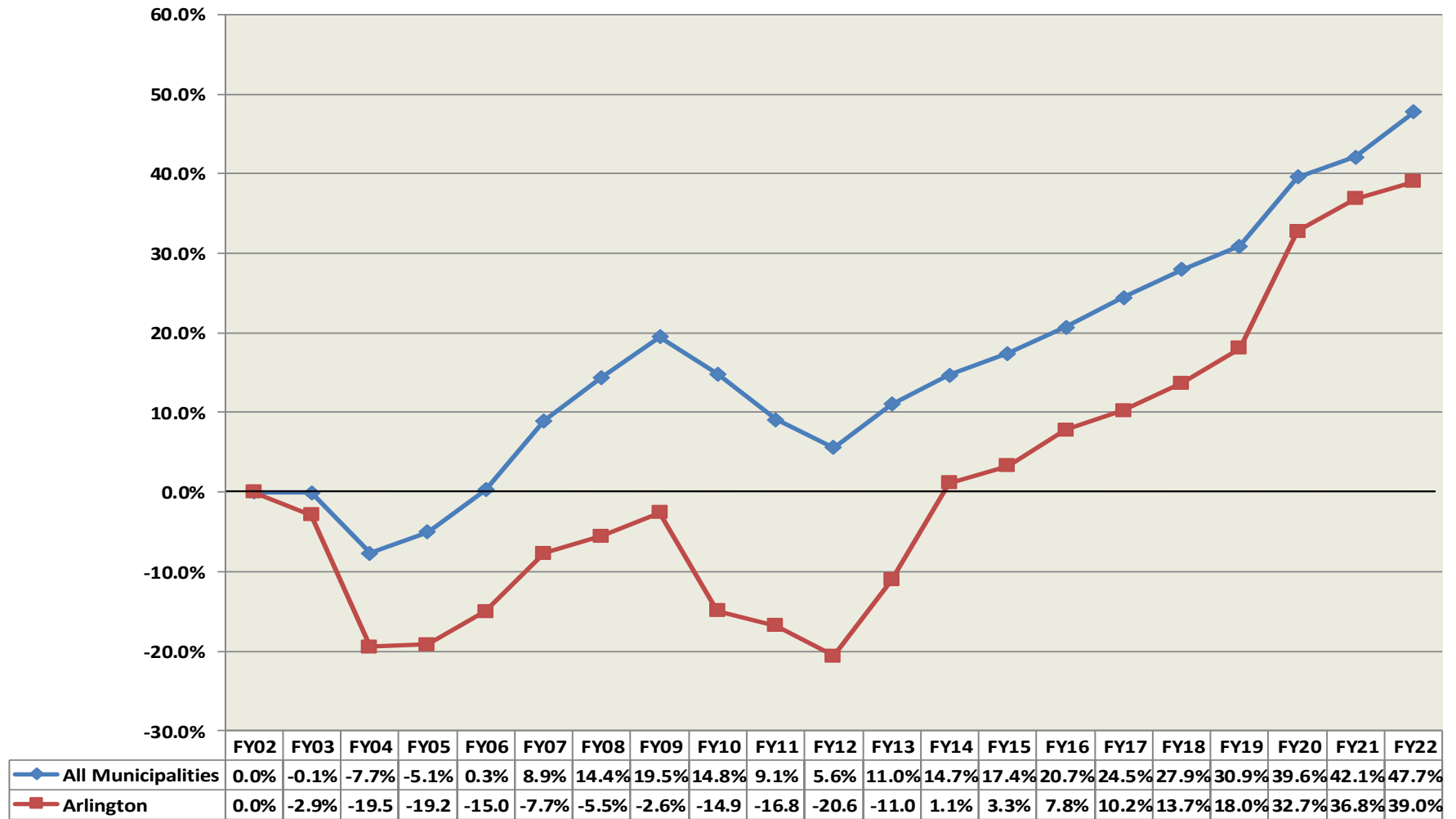
Arlington's Percent of Total State Aid





### State Aid Cumulative Year-to-Year Percent Change Since Fiscal Year 2002

*(Numbers Exclude School Construction and METCO Reimbursements)*



**GENERAL GOVERNMENT*****Unrestricted General Government Aid (UGGA)***

In FY2021 UGGA is expected to increase \$281,962 or 3.5% to \$8,338,017. This aligns with the increase of 3.5% forecasted for State revenue by the Consensus Revenue Figure agreed upon by the Governor and the Legislature.

As historical background, in FY2010, the Additional Assistance category was combined with Lottery Aid under a new category called Unrestricted General Government Aid. Between these two aid categories, Arlington received in excess of \$9.4 million in FY2008. While this account is increasing in FY2022, the Town has experienced a reduction in this aid of approximately \$1.2 million since FY2008.

***Veterans' Benefits***

Chapter 115, Section 6, calls for the reimbursement to cities and towns of the costs of providing assistance to veterans and their dependents. Benefits paid out in accordance with state guidelines are eligible for 75% reimbursement. For FY2022 the assumed Cherry Sheet estimate is \$163,956, a decrease from the previous year, which reflects a stable population of veterans filing benefits claims and consistent efforts by the Town's Veterans' Service Agent to secure VA and other federal benefits for eligible veterans.

GENERAL GOVERNMENT	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Budget	Budget Change
Unrestricted General Government Aid	7,844,260	8,056,055	8,056,055	8,338,017	281,962
Veterans' Benefits	194,794	206,676	213,430	163,956	(49,474)
<b>Total</b>	<b>8,039,054</b>	<b>8,262,731</b>	<b>8,269,485</b>	<b>8,501,973</b>	<b>232,488</b>

**SCHOOL AID*****School Aid– Chapter 70***

The Governor's proposed total statewide education funding in FY2022, exclusive of regional schools, is \$4.7 billion, an increase of \$181 million, or 4%. Of this amount, Arlington is to receive \$14,741,108, an increase of \$175,080 or 1.2%.

The Chapter 70 distribution formula calculates a Foundation Budget, the estimated cost to educate all students in each school district across the state, and funds a percentage of that budget, depending upon a number of factors, including community income levels, property wealth, and municipal contributions to the school budget. For those communities determined to be relatively wealthy, such as Arlington, the State will fund a maximum 17.5% of the school district's foundation budget. Communities that are less affluent receive significantly more than the 17.5% minimum. The Foundation Aid formula contained in the 2019 Student Opportunity Act better accounts for the School Department's rising enrollment and costs (such as providing health insurance to teachers and staff and educating English Language Learners, economically disadvantaged students, and students receiving special education services). Arlington benefited from this change FY2020 and FY2021. In FY2022, however, the Governor's budget does not account for aid for the school population that is likely to attend Arlington schools next year, rather it is allocated based on the October 2020 enrollment, which was below the Town's previous forecasts by nearly 450 students due to the COVID-19 pandemic.

***Charter School Tuition Assessment Reimbursement***

General Laws Chapter 71, Section 89 (nn) mandates that the State assess a municipality or regional school district for the costs associated with pupils attending a Charter School district and reimburse sending districts for the tuition they pay to Commonwealth charter schools. Municipalities and school districts are reimbursed for this assessment based on a funding schedule that is supposed to follow a pattern of in year one, an amount equal to 100% of the assessment; in years two through six, an amount equal to 25% of the assessment, after year six, no reimbursement. This reimbursement is subject to appropriation. If the account is not fully-funded, then the reimbursement is pro-rated. The Student Opportunity Act increased funding for Charter School Tuition Reimbursements, with a goal of reaching full funding over three years, starting in FY2021. Based on the revised assumption, in FY2021 the Town will receive \$71,445, a decrease of \$15,171.

<b>SCHOOL AID</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Chapter 70 School Aid	11,685,389	13,979,327	14,566,028	14,741,108	175,080
Charter School Tuition Reimbursement	27,042	54,305	86,616	71,445	(15,171)
<b>Total</b>	<b>11,712,431</b>	<b>14,033,632</b>	<b>14,652,644</b>	<b>14,812,553</b>	<b>159,909</b>

**SCHOOL CONSTRUCTION AID**

The school construction aid the Town currently receives is for projects completed under an old State school building assistance program, the SBA program under which cities and towns borrowed the full amount of debt for a school building project and the state reimbursed the cities and towns for its share of the project. In 2004, the Governor signed Chapter 210 of the Act of 2004, which made substantial changes to the School Building Assistance (SBA) Program. This legislation (Ch. 208) transferred responsibility for the School Building Assistance Program from the Department of Education to the Massachusetts School Building Authority (MSBA), operating under the Office of the State Treasurer. The authority is a new and independent governing body comprised of seven members. The reform legislation dedicates one cent of the state sales tax to the new off-budget school building trust. This is projected to be \$858 million in 2019. Funding is no longer subject to an annual appropriation from the Legislature and approval of the Governor, allowing MSBA to prepay its share of project expenses. This streamlined process saves local communities millions in avoided interest costs and provides greater cash flow.

The Peirce School project was the last school project to receive reimbursement under the old SBA process. For FY21 the reimbursement was \$476,523. The last construction aid payments for the Peirce School occur in FY2021, the same year of the last Arlington bond payment for the construction project.

<b>SCHOOL AID</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
School Construction Aid	476,523	476,523	476,523	0	(476,523)

**TAX EXEMPTION AID**

There are several categories of property tax exemptions for which the State provides a partial reimbursement to municipalities. For FY2022, Arlington's reimbursements are expected to decrease \$27,861 to a total of \$114,525. Veterans, blind persons, surviving spouses, and elderly who meet exemption requirements are eligible. Elderly persons (at least 65 years of age) who meet certain whole estate or total assets, annual income, and residency requirements, are eligible for an exemption. The number of exemptions granted is multiplied by the statutory reimbursement of \$500, subject to appropriation. However, if a municipality has adopted Clause 41B or 41C (Arlington has adopted this section which increases exemption amount to \$1,300), the number of exemptions for which it is reimbursed cannot exceed the number reimbursed in the most recent year under Clause 41. In addition, municipalities that have adopted Clause 41B or 41C will be reimbursed for additional costs incurred in determining eligibility of applicants under these clauses in an amount not to exceed two dollars per exemption granted. For property tax exemptions granted to qualifying veterans, blind persons, surviving spouses, and elderly persons, the exemption and reimbursement amounts are as follows:

- Surviving spouses, minor children, elderly persons:
  - Clause 17 - \$175, full reimbursement
  - Clauses 17C, 17C<sup>1/2</sup>, 17D - \$227.50, reimbursement cannot exceed the amount reimbursed on Clause 17.
- Veterans:
  - Clause 22(a-f) - \$520 exempted, \$225 reimbursed
- Paraplegic veterans, surviving spouses:
  - Full amount, 100% minus \$175 reimbursed (\$8A)
- Veterans, loss of one arm, foot, or eye:
  - Clause 22A - \$975 exempted, \$575 reimbursed
- Veterans, loss of two arms, two feet, one arm and one leg, or loss of sight:
  - Clause 22B - \$1,625 exempted, \$1,075 reimbursed
- Veterans, special adapted housing:
  - Clause 22C - \$1,950 exempted, \$1,325 reimbursed
- Veterans, surviving spouses of service members who died in combat zone or who are missing in action and presumed dead due to combat:
  - Clause 22D - 100% exempted- 1st five years of exemption, \$2,500 thereafter
- Veterans, 100 percent disability:
  - Clause 22E - \$1,300 exempted, \$825 reimbursed
- Blind persons:
  - Clause 37A - \$650 exempted, \$87.50 reimbursed

<b>TAX EXEMPTION AID</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Tax Exemption Aid	150,747	125,356	142,386	114,525	(27,861)

**CHERRY SHEET OFFSETS**

Included in the estimated amount of aid to be received from the State are grant funds for libraries. These grants are reserved for direct expenditure by the departments and cannot be counted as general available revenues. Consequently, as part of the tax rate preparation process, whatever amount is included within the State Aid estimate is also included in the non-appropriated expense section as offsetting debits.

The Town has traditionally received two such annual grants — one for the school lunch and one for public libraries. In FY2016, the State started to account for the school lunch program differently and it is no longer be reflected on the Cherry Sheet.

The library grant is actually three separate grants — the Library Incentive Grant (LIG), Municipal Equalization Grant (MEG) and the Nonresident Circulation Offset (NRC). In FY2022, assistance to libraries is expected to remain unchanged at \$71,523. The three funding formulas to determine amounts for each municipality are as follows:

1. The Library Incentive Grant (LIG) is distributed to municipalities as follows:
  - a. Population under 2,500: an amount equal to the amount appropriated for free public library service in the preceding year; distribution not to exceed \$1,250.
  - b. Population of 2,500 or over: up to \$.50 per capita, provided that at least \$1,250 was appropriated for public library service in the preceding year.
2. The Municipal Equalization Grant (MEG) distributes the balance in the LIG/MEG account according to the lottery formula so that municipalities with lower property values receive proportionately more aid than those with greater property values.
3. The Nonresident Circulation Offset (NRC) is distributed annually by the Board of Library Commissioners, based upon each community's share of the total Statewide-circulated items.

The Board of Library Commissioners measures compliance with all requirements before voting to certify or deny applicants for grant payments. To qualify for funding, certain requirements must be met and the municipal Library Director must submit an application to the Board of Library Commissioners each year. Requirements include:

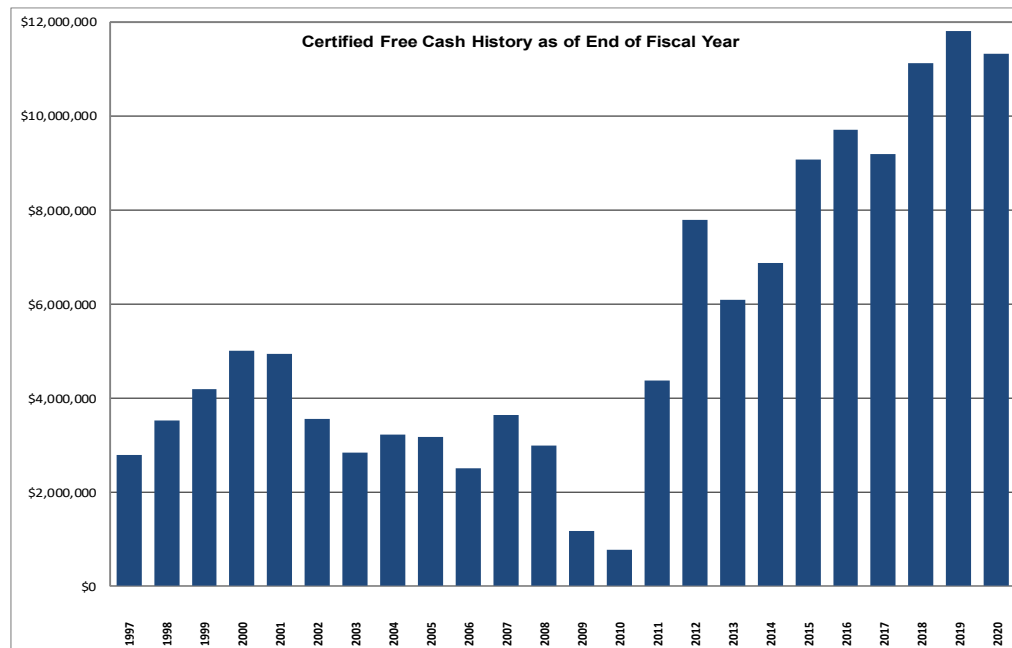
- The city or town's appropriation to operate the public libraries must be equal to or greater than 102.5% of the average of the 3 preceding years' appropriations for free public library service. The Board of Library Commissioners may grant waivers of this requirement to a limited number of municipalities.
- The library must have complied with the minimum standards for free public library service in the preceding year. There are minimum standards in such areas as library director's education, number of hours open, and expenditures for library materials. The library must submit annual report data as specified by the Board of Library Commissioners.

<b>CHERRY SHEET OFFSETS</b>	<b>FY2019 Actual</b>	<b>FY2020 Actual</b>	<b>FY2021 Budget</b>	<b>FY2022 Budget</b>	<b>Budget Change</b>
Libraries	57,029	59,468	71,523	71,523	0
<b>Total</b>	<b>57,029</b>	<b>59,468</b>	<b>71,523</b>	<b>71,523</b>	<b>0</b>

**FREE CASH**

Free Cash, which is certified as of July 1 each year by the Commonwealth's Department of Revenue (DOR), represents the portion of General Fund surplus revenue that is unrestricted and available for appropriation. These funds, once certified, may be used to support supplemental appropriations during the year: to support the ensuing fiscal year's budget, to reduce the tax levy, or to serve as emergency reserves. Free Cash is generated when the actual operating results compare favorably with the budget, such as when actual revenues exceed the original estimates and/ or when actual expenditures are less than amounts that were appropriated. It is also affected by increases or decreases in uncollected property taxes, deficits in non- General Fund funds, and any other legally incurred operating deficits, such as snow removal overdrafts.

The Town's free cash balance as of June 30, 2020 was \$11,318,368. In accordance with Town policy, Arlington can appropriate up to 50% of the free cash balance towards the next fiscal year's budget. It is recommended that \$5,659,184 or 50% of the existing balance, be appropriated toward the FY2022 budget.



FREE CASH	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Budget	Budget Change
Free Cash Appropriated	4,593,375	5,559,782	5,901,388	5,659,184	(242,204)

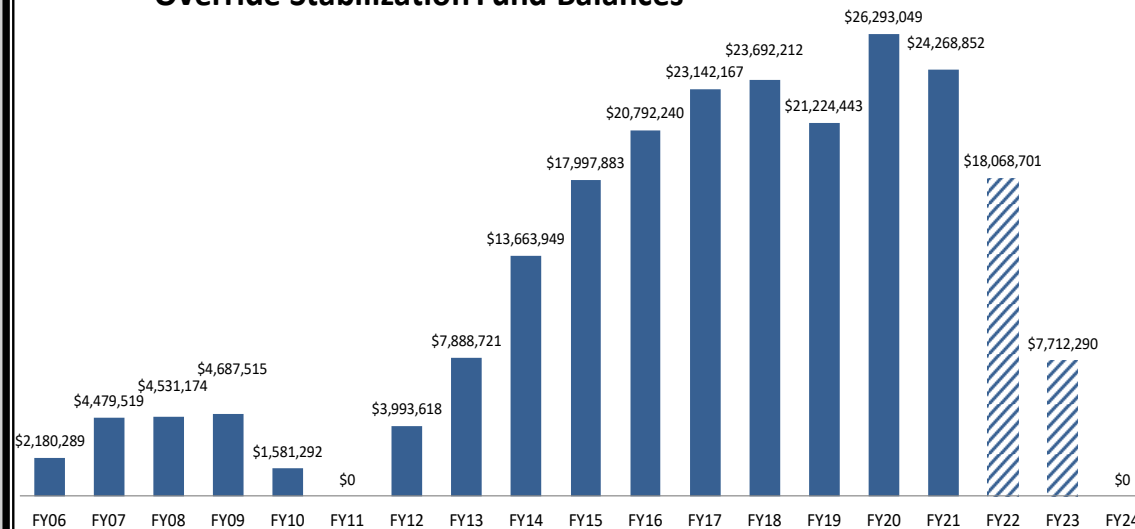


**OTHER REVENUE****Overlay Surplus**

The Tax Abatement Overlay Reserve Surplus comes from funds set aside each year for property tax abatements and exemptions. Any funds remaining in the accounts that are no longer needed are declared surplus by the Board of Assessors and are made available for appropriation. For FY2022, the Board of Assessors has declared \$400,000 as surplus for operating costs, the same as the previous year.

**Override Stabilization Fund**

The Override Stabilization Fund was created as a result of the 2005 Proposition 2½ Override. The five-year Long Range Plan developed at that time projected that the first two years would have surplus funds to be put in an Override Stabilization Fund, the third year there would be no surplus, and the last two years the surplus funds would be drawn down to balance the budget. As a result of tight budget controls, there was no need to make any drawdown from the fund until the fifth year, FY2010, when \$2,742,376 was withdrawn. The remaining balance in the fund, of \$1,580,000, was appropriated in FY2011, the sixth year. Since the Override of 2011, \$23,692,212 was put into the Fund, until FY2019, when money was again withdrawn prior to the June 2019 Override. The FY2022 takes \$6,200,151 from the fund. The Fund is projected to last until FY2024.

**Override Stabilization Fund Balances**

OTHER REVENUE	FY2019 Actual	FY2020 Actual	FY2021 Budget	FY2022 Budget	Budget Change
Overlay Surplus	200,000	2,700,000	400,000	400,000	-
Override Stabilization Fund	2,786,331	0	2,024,197	6,200,151	4,175,954
<b>Total</b>	<b>2,986,331</b>	<b>2,700,000</b>	<b>2,424,197</b>	<b>6,600,151</b>	<b>4,175,954</b>



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